

Senate Study Bill 3122 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON SENG)

A BILL FOR

1 An Act providing for sales and use taxes collected on farm
2 machinery and equipment.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.3, subsection 8, paragraph a,
2 subparagraph (1), Code Supplement 2011, is amended to read as
3 follows:

4 (1) The farm machinery and equipment shall be ~~directly and~~
5 primarily used in production of agricultural products.

6 Sec. 2. ADOPTION OF RULES. The department of revenue shall
7 adopt rules as necessary in order to administer this Act. In
8 drafting its proposed rules as part of its notice of intended
9 action as required in section 17A.4, the department shall
10 consult organizations representing persons involved in the sale
11 of farm machinery and equipment.

12 EXPLANATION

13 This bill provides for an exemption from sales and use taxes
14 imposed on machinery and equipment sold for farm use (Code
15 sections 423.3 and 423.6). The bill retains the requirement
16 that the exemption applies to machinery and equipment primarily
17 used in agricultural production, but eliminates the requirement
18 that it also must be directly used for such production. The
19 bill also provides that when the department of revenue adopts
20 its rules to administer the exemption revised in the bill, it
21 must consult with organizations representing retailers who sell
22 farm machinery and equipment.